Manitoba. Horse Racing Commission.

Annual report, 1982.

MANITOBA HORSE RACING COMMISSION

c/o Assiniboia Downs
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Winnipeg, Manitoba
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The Honorable Muriel A. Smith
Minister
Department of Economic Development and Tourism
Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Minister,

The undersigned has the honour to present the Seventeenth Annual Report of the Horse Racing Commission of the Province of Manitoba for the year ended December 31, 1982.

Respectfully submitted,

J.Y. Sylvestre
Acting Chairperson
Horse Racing Commission

THE HORSE RACING COMMISSION

MEMBERS AND STAFF

for the year ended December 31, 1982

Commissioners

R. D. Keenberg	Chairperson	Winnipeg
J. Y. Sylvestre	Vice-Chairperson	Winnipeg
I. A. MacKenzie	Member	Portage la Prairie
J. Philpot	Member	Winnipeg
I. Bauman	Member	Minto

Commission Staff

D. R. Bond, C.A.	Executive Secretary
D. G. Meek, D.V.M.	Veterinarian
R. D. Douglas	Security
H. Penner	Commission Secretary
J. Cowan	Licensing Clerk
B. R. Watson	Steward
R. Gordon	Steward - Judge (Fall Meet)
D. Freeman	Steward - Judge (Fall Meet)
G. Keays	Judge (Fall Meet)
G. M. MacArthur	Judge (Spring Meet) - Judge (Rural)
D. Harms	Judge (Spring Meet) - Judge (Rural)
N. Pliszka	Alternate Judge (Spring Meet) - Judge (Rural)
T. A. Rockey	Judge (Spring Meet)
J. Hill	Race Secretary (Rural)

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SEVENTEENTH ANNUAL REPORT

THE HORSE RACING COMMISSION

1982 marked an active and turbulent year within the horse racing industry in the Province of Manitoba. There were legislative changes, both Federal and Provincial, which will have significant effects on the industry over the next several years. The operator of Assiniboia Downs was placed in receivership. Quarterhorse racing on the rural circuit was initiated, and there was a successful extended Standardbred Meet at Assiniboia Downs.

LEGISLATIVE AMENDMENTS

Since it affects all branches of the industry, one of the more significant events of 1982 was the amendment to the Race Track Supervision Regulations of the Criminal Code of Canada by the Government of Canada, allowing a track operator to take an increased percentage of wagering to cover the costs of operations and pay horsemen's purses. The allowable takeout prior to August, 1982, was 9.5% of wagering and this may now be increased to an effective rate of 14%, depending on wagering levels. This increase in allowable takeout will permit the operation of a racetrack to become more viable but may conversely serve to discourage potential bettors, thereby reducing the handle and the overall benefits to the industry. On October 17, 1982, the operator of Assiniboia Downs increased its level of takeout to 11.3%, an increase of 1.8 percentage points. The Commission will be monitoring this closely to determine if there are detrimental effects on the handle.

In other amendments to the Race Track Supervision Regulations in 1982, the Government of Canada also authorized and established procedures to permit telephone account betting and inter-track wagering. The operator of Assiniboia Downs applied for and recently received a license for telephone account betting from Agriculture Canada and hopes to have it in operation for the 1983 Thoroughbred Meet. The

operator is also pursuing the concept of inter-provincial inter-track wagering and the Commission is working with the operator, the horsemen and the Government of the Province of Manitoba to determine the merits of such a program and its effect upon the industry in Manitoba.

In March of 1982, the Government of the Province of Manitoba amended The Pari-Mutuel Tax Act to provide for an additional levy equal to 5% of the monies wagered on three or more horse feature pools (sometimes called the "5% surtax on exotic wagering"). This surtax was recommended by The Horse Racing Industry Review commissioned by the Government in 1980 (the "Industry Review Study"), and was intended to address the need for increased purse levels and enhanced programs for the breeding sector.

The Commission met with the five groups which constitute the racing industry in Manitoba (the thoroughbred horsemen and breeders, the standardbred horsemen and breeders, and the operator of Assiniboia Downs) numerous times during April of 1982, with a view to reaching a consensus on the allocation of the proceeds of the surtax. A unanimous agreement was reached and the Commission recommended to the Government that the proceeds be divided equally between the horsemen and the breeders for purse and breeder support, with a portion of the funds so divided being used for certain capital improvements to the backstretch area.

The total exotic wagering in 1982 in thoroughbred racing was $11,686,053.00, generating a surtax of $584,302.00. For standardbred racing, the total exotic wagering was $2,341,266.00, generating a surtax of $117,063.00.

ASSINIBOIA DOWNS RECEIVERSHIP

In late April of 1982, a corporation related to the shareholders of the track operator was placed in receivership. This naturally caused concern within the horseracing industry and the

Commission took immediate steps to obtain the audited financial statements of the operator.

However, despite numerous requests and subsequent meetings with the operator and its advisors, it became apparent that audited financial statements were neither forthcoming nor available in the then near future. Further, the financial advisors to the Commission advised that on the basis of the draft unaudited financial statements of the operator, there were some concerns as to the operator's financial stability.

Accordingly, the Commission decided that in order to carry out its responsibilities to the industry and in accordance with the powers granted to it under The Horse Racing Commission Act, it should hold hearings to determine the financial capacity of the operator and to gather all relevant information required to make that determination. The appropriate parties were subpoenaed and hearings were held on June 9th and 10th, 1982, during which the Commission requested the production of certain agreements and financial statements relating to the operator.

The detailed information supplied by the two major secured creditors of the operator confirmed the Commission's view that the operator was undercapitalized. However, it also confirmed that the operator was able to continue and was continuing in operation with the indulgence and cooperation of such creditors.

The information so obtained by the Commission was conveyed to the Government of the Province of Manitoba and when one of the secured creditors withdrew its support of the operator in July of 1982, the Government was in a position to react quickly and efficiently.

On July 14, 1982, two months into the Thoroughbred Meet at Assiniboia Downs, the operator ceased operations and its assets were taken over by a Receiver-Manager appointed by a major secured creditor. However, despite the receivership only six racing days were lost and relative confidence in the industry was maintained as arrangements were swiftly made between the Receiver-Manager and the Government to have a

Crown Corporation, Winnipeg Racing Ltd., resume operations for the balance of the Thoroughbred Meet.

Unfortunately, the track closure resulted in a default by the operator on monies owing to horsemen and breeders in the sum of $659,572.00, of which only $225,000.00 was recovered by bonds. The Commission was of the opinion that placing the horsemen and the breeders on a relatively stable financial footing was critical to the continued operation of the industry. Accordingly, the Commission, acting as a catalyst, brought the horsemen and the breeders together with the Government and worked as a mediator in recommending and encouraging the parties to reach an agreement whereby the Thoroughbred Meet could continue to completion. This result was ultimately achieved as the parties agreed to the establishment of an Emergency Fund to be funded by the Government and repaid by the horsemen and the breeders out of the proceeds of the 5% surtax on exotic wagering. The Emergency Fund was used to replenish the stakes and nominations accounts and provide payment to the individual horsemen, thereby allowing the Thoroughbred Meet to resume and continue. The particulars of the Emergency Fund are set forth in Note 4 to the Financial Statements.

THOROUGHBRED RACING

The interruption in the Thoroughbred Meet and the instability resulting from the receivership undoubtedly have had some effect on the comparability of the 1981 and 1982 thoroughbred statistics (Schedule "A"). However, the extent is difficult to measure. The handle and attendance figures suffered a decrease in 1982 of 24.1% and 23.6% respectively, while the average daily handle and average daily attendance decreased by 5.8% and 5.2% respectively. However, last year, in an attempt to address the problem of declining attendance and handle in thoroughbred racing, the Association sought and received approval from the Commission to reduce the 1982 Thoroughbred Meet by twenty days. Of these, six were subsequently lost to the receivership, resulting in a net percentage decrease in days of 19.4%. Moreover, there is now some

evidence that the general economic recession has begun to affect the horse racing industry in other parts of Canada.

It is, therefore, difficult to draw any firm conclusion as to the cause of the decline in attendance and handle in thoroughbred racing in 1982 and the status of the thoroughbred industry in Manitoba at the present time. However, to place things in the proper perspective, the following chart setting forth the comparative statistics on betting by Province in 1981 and 1982, and showing the percentage changes, indicates that Manitoba was well within the middle range.

	1982	1981	Percentage + -
Ontario	850,627,230	821,609,065	+ 4
Quebec	303,925,394	347,239,763	- 12
Alberta	234,538,512	221,242,787	+ 6
British Columbia	221,308,573	205,421,528	+ 8
Manitoba	56,374,208	57,280,139	- 2
Nova Scotia	20,368,731	19,732,965	+ 3
Saskatchewan	19,975,768	17,164,412	+ 16
New Brunswick	10,606,335	12,345,438	- 14
Prince Edward Island	5,486,955	6,210,620	- 12
Newfoundland	1,218,491	1,413,188	- 14

STANDARDBRED RACING

Some comfort can be taken from the modest success of the expanded Standardbred Meet at Assiniboia Downs in 1982 (Schedule "B"). Standardbreds ran from January to mid-April (the "Spring Meet"), and again from mid-October to December (the "Fall Meet"), an increase of seventy-four days over 1981. The average daily attendance rose 6.15%, while the average daily handle rose 20.3%, a per capita wagering increase of 13.14%. It is interesting to note that during the Fall Meet the track operator increased its allowable takeout by 1.8 percentage points with no apparent detrimental effect on the handle. However, it is too early to draw final conclusions or make final decisions, as the period of observation has been too short.

The Fall Meet was run under a lease arrangement between the Receiver-Manager and a private sector company owned or controlled by

one of the major secured creditors of the previous operator.

Schedules "C" and "D" set forth the 1981-1982 comparative statistics and racing revenues of the Manitoba Great Western Harness Circuit Inc., which continues to show modest growth. Even though no new locations were added for 1982, and while Swan River lost both of its days to rain, there was an increase of three racing days over 1981.

There is some concern that the creation of the Mid-West Harness Racing Circuit, which consists of the Regina Exhibition Association, the Saskatoon Prairieland Exhibition Association and Assiniboia Downs, may have a detrimental effect on the Great Western Circuit. Although the Commission intends to monitor this situation closely, we are presently of the view that because of its significant community support, the Great Western Circuit will not be adversely affected by this new, essentially urban, circuit. The Great Western Circuit has traditionally provided the rural communities with a focus for their annual community activity and will no doubt continue to be supported by the communities in the future.

QUARTER HORSE RACING

Schedule "E" shows the 1981-1982 comparative statistics for quarter horse racing. 1982 marked the first year that quarter horse racing with pari-mutuel wagering has been conducted on the rural circuit, as well as the first year that assistance has been provided for capital improvements. This is a developing industry and the Commission will continue to work with the horsemen, the agricultural societies and Assiniboia Downs in preparing future plans for consideration.

LICENSES AND RULINGS

Schedule "F" shows the number of occupational licenses, registration fees and fines issued and collected by the Commission in the course of its function as a regulatory agency. The number of

standardbred licenses issued is up 384 over 1981, while the thoroughbred licenses have remained fairly constant.

During the year the thoroughbred Stewards issued 110 rulings and collected $4,855.00 in fines. One of the rulings was for a positive test of Arquel, an anti-inflammatory agent, for which disciplinary action was taken against the trainer and the purse redistributed. The number of positive tests for thoroughbreds was down by 7 from 1981, in part due to the increase in the allowable levels of salicylic acid permitted by Agriculture Canada. The standardbred Judges issued a total of 104 rulings, three of which were as a result of positive tests, one for guaiacol glycerin, a cough depressant, one for DMSO, an anti-inflammatory and carrying agent, and one for Arquel. A total of $3,855.00 was collected in standardbred fines for an aggregate of $8,710.00 collected in fines for 1982.

In December of 1982, the standardbred Judges with the assistance of the City of Winnipeg Police Department, investigated certain allegations of race fixing involving the tenth race held at Assiniboia Downs on Wednesday, December 8, 1982. As a result of the investigation and on the basis of information received from the City of Winnipeg Police and the Commission security staff, it was concluded that while there were suspicious circumstances relating to the payout on the race, there was no evidence to indicate that the race was fixed or the results manipulated unlawfully.

Following the allegations, the Commission engaged the services of a private investigation firm to review certain of the information obtained during the course of the original investigation. The Commission and its staff will continue, in conjunction with the security services provided by the track operator, to monitor the backstretch area and supervise the running of races.

PROVINCE OF MANITOBA REVENUES

Schedule "G" sets forth the racing revenues and direct costs of the Province of Manitoba in connection with the horse racing industry. Revenue decreases resulted from a decrease in the handle for thoroughbred racing. Increases and decreases in the Industry Development Programs resulted from increases and decreases in the related handle and from the proceeds of the 5% surtax on exotic wagering. The increase in the administration costs of the Commission resulted mainly from salaries incurred in employing supervisory staff for the extended Standardbred Meet, as well as special costs incurred as a result of the track closure (Exhibit "B" to the Financial Statements).

REGULATION REVIEW

As a result of a change in track ownership in 1981, the track closure in July of 1982, the loss of money owing to horsemen as a result of the closure and the ensuing difficulties in "ownership", it became evident that the existing regulations in force under The Horse Racing Commission Act were deficient in powers relating to licensing and other regulatory and supervisory matters. Among other things, absent from the Act and regulations were provisions permitting the Commission to require the operator to hold funds belonging to horsemen, breeders and owners separate from the funds of the operator. Accordingly, the Commission enacted new regulations in 1982 in an attempt to create rules for the protection of horsemen's and general public's monies held by a track operator as well as providing for the filing of financial, operational and personal history reports of the track operator, licensees and concessionaires to facilitate the performance by the Commission of its regulatory and supervisory functions.

It also became apparent to the Commission during the course of the year that substantial revisions to the rules of racing with respect to both thoroughbred and standardbred racing were required in order to meet the current needs of the industry.

The Commission's Stewards experienced a number of difficulties in administering the thoroughbred rules during the 1982 Thoroughbred Meet and they have, at the request of the Commission, provided a list of recommendations with respect to certain technical revisions. As well, the existing Canadian Trotting Association rules of standardbred racing that are used in Manitoba are somewhat inappropriate in that they are designed as the rules of a private association and are not particularly suitable for a public commission. Among other things, there are no clear provisions relating to the conduct of appeals from decisions of the Judges to the Commission and this creates confusion and uncertainty for the horsemen. This was evident in the apparent public confusion surrounding the appeals of two horsemen, reported in the daily press in December of 1982.

Further, there has been considerable pressure on the Commission in 1982 to hold its appeals in public. While the Commission did not resist such pressure for reasons of policy, the lack of formal procedures under the existing rules simply did not facilitate same. The Commission has sought the input of the various industry groups on this issue and the response to date has recommended against appeals being conducted in public.

In light of all of the foregoing, the Commission has prepared a draft set of regulations revising the existing thoroughbred rules of racing and including the addition of special rules relating to appeals. The Commission intends to circulate the draft amendments among the various industry groups and solicit their input, with a view to enacting same prior to or early in the 1983 Thoroughbred Meet.

The Commission has also commissioned a draft set of standardbred rules of racing modelled after the British Columbia and Alberta legislation, and anticipates seeking industry input with respect to them in the summer of 1983.

COMPOSITION OF COMMISSION

In April, 1982, R. D. Keenberg was appointment Chairperson of the Commission, J. Y. Sylvestre was appointed Vice-Chairperson, and I. E. Bauman and J. T. Philpot were appointed members. I. A. MacKenzie continued as a member.

With respect to Commission Officials, B. R. Watson continued as a Steward in 1982, and D. J. Freeman, an experienced Steward from Arizona, and R. Gordon, a former Racing Secretary from Manitoba, were appointed. T. A. Rockey, G. M. MacArthur and D. Harms were Judges at the Spring Meet with N. Pliszka acting as an alternate. For the Fall Meet, two of the Stewards, D. J. Freeman and R. Gordon, were appointed as Judges and an Apprentice Judge, G. Keays, was appointed from within the local standardbred industry. Dr. G. Meek, D.V.M., continued as Commission Veterinarian. In keeping with the recommendations of the Industry Review Study, the Commission hired a Director of Security, R. Douglas, in the summer of 1982.

APPEALS AND MEETINGS

The Commission heard nine appeals and held fifteen formal meetings during the year. In addition, the various Sub-Committees of the Commission met on numerous occasions, both among themselves and with representatives of the various industry groups to discuss diverse matters, including the distribution of the surtax on exotic wagering, the effects of the track closure, future industry developments and the like. The Commission was represented at the annual meetings of both the National Racing Commissions and Governing Bodies, as well as the National Association of State Racing Commissions.

COMMUNICATION AND CONSULTATION

In 1982, the Commission commenced the process of meeting with the various industry groups with a view to soliciting their input on

matters of mutual concern. This process has been beneficial to both parties and will be pursued in 1983. It is intended to hold these meetings at regular intervals to ensure a continuous dialogue between the Commission and the industry.

FINANCIAL STATEMENTS

The accounts of the Commission have been audited by the Office of the Provincial Auditor and the audited Financial Statements are attached to this Annual Report.

Respectfully submitted this 18th day of April, A.D. 1983,

Janice Y. Sylvestre, Acting Chairperson

Irene E. Bauman

Irene E. Bauman, Member

Ian A. MacKenzie, Member

Jack T. Philpot

Jack T. Philpot, Member

Schedule A

THOROUGHBRED RACING - ASSINIBOIA DOWNS

Comparative Statistics

1981 - 1982

	1982	1981	Increase (Decrease)	Percentage Increase (Decrease)
Wagering/Handle	$40,496,080	$53,350,453	($12,854,373)	(24.1)
Racing Days	108	134	(26)	(19.4)
Average Daily Handle	$ 374,964	398,138	($ 23,174)	(5.8)
Attendance	430,821	564,053	(133,232)	(23.6)
Average Daily Attendance	3,989	4,209	(220)	(5.2)
Per Capita Wagering	$ 94.00	$ 94.58	($ 0.58)	(0.6)
Horsemen's Purses	$ 3,864,124	$ 4,034,633	($ 170,509)	(4.2)
Number of Races	1,003	1,222	(219)	(17.9)
Per Race Purse Average	$ 3,853	$ 3,302	$ 551	16.7
Federal Takeout	$ 243,159	$ 320,103	($ 76,944)	(24.0)
Provincial Takeout	$ 3,621,508	$ 4,001,284	($ 379,776)	(9.5)
Provincial Support Programs				
Purse Supplements	$ 1,113,642	$ 1,467,137	($ 353,495)	(24.1)
Breeders' Awards	411,223	400,128	11,095	2.8
Sires' Stakes	38,000	-	38,000	-
Emergency Fund	275,000	-	275,000	-
HBPA Purse Overpayment	100,000	-	100,000	-
CTHS Administration	46,699		46,699	-
TOTAL	$ 1,984,564	$ 1,867,265	$ 117,299	6.3

Schedule B

STANDARDBRED RACING - ASSINIBOIA DOWNS

Comparative Statistics

1981 - 1982

	1982	1981	Increase (Decrease)
Wagering/Handle	$14,725,102	$2,902,942	$11,822,160
Racing Days	97	23	74
Average Daily Handle	$ 151,805	$ 126,215	$ 25,590
Attendance	134,153	29,972	104,181
Average Daily Attendance	1,383	1,303	80
Per Capita Wagering	$ 110	$ 97	$ 13
Horsemen's Purses	$ 888,278	$ 203,206	$ 685,072
Per Race Purse Average	$ 924	$ 972	($ 48)
Provincial Purse Support	$ 742,258	$ 145,147	$ 597,111
Per Race Support Average	$ 772	$ 694	$ 78
Federal Takeout	$ 88,350	$ 17,418	$ 70,932
Provincial Takeout	$ 1,221,446	$ 217,721	$ 1,003,725

Schedule C

STANDARDBRED RACING - RURAL CIRCUIT

Comparative Wagering Statistics

1981 - 1982

	Racing Days 1982	Racing Days 1981	Amount Wagered 1982	Amount Wagered 1981
Carberry	2	2	$ 59,744	$ 66,784
Carman	3	3	118,014	68,496
Dauphin	4	2	144,354	95,560
Deloraine	2	1	75,094	37,710
Glenboro	2	2	83,322	78,088
Holland	2	2	77,212	80,550
Killarney	4	4	147,910	124,088
Pilot Mound	3	1	73,662	25,728
Portage la Prairie	5	7	151,904	201,642
Russell	2	-	38,376	-
Swan River	-	2	-	50,848
Virden	2	2	65,604	72,978
Wawanesa	2	2	71,978	79.812
TOTALS	33	30	$1,107,174	$ 982,284

Other Comparative Statistics

1981 - 1982

	1982	1981	Increase (Decrease)	Percentage Increase (Decrease)
Attendance	57,019	52,990	4,029	7.6
Average Daily Attend.	1,728	1,766	(38)	(2.2)
Horsemen's Purses	$326,130	$283,500	$ 42,630	15.0
Per Race Purse Average	$ 1,042	$ 1,042	-	-
Provincial Support Programs				
Purse Supplements	$146,209	$121,040	$ 25,169	20.8
Breeders' Awards	61,517	50,820	10,697	21.0
Sires' Stakes	20,000	18,000	2,000	11.1
Capital Grants	28,804	30,000	(1,196)	(4.0)
TOTALS	$256,530	$219,860	$ 36,670	16.7
Per Capita Wagering	$ 19.42	$ 18.54	$ 0.88	4.7
Federal Takeout	$ 6,644	$ 5,894	$ 750	12.7

Schedule D

STANDARDBRED RACING - RURAL CIRCUIT

Provincial Operating Support by Race Track

	Provincial Tax Refund and Subsidy	Purse Support	Total
Carberry	$ 5,975	$ 9,300	$ 15,275
Carman	11,801	13,020	24,821
Dauphin	14,436	18,135	32,571
Deloraine	7,509	8,835	16,344
Glenboro	8,332	9,300	17,632
Holland	7,721	9,300	17,021
Killarney	14,791	17,205	31,996
Pilot Mound	7,366	11,625	18,991
Portage la Prairie	15,190	21,855	37,045
Russell	3,838	8,370	12,208
Swan River	-	-	-
Virden	6,560	9,300	15,860
Wawanesa	7,198	9,300	16,498
Distributed	-	664	664
TOTAL	$110,717	$146,209	$256,926

Schedule E

QUARTER HORSE RACING

1982 Statistics

	1982	1981	Increase (Decrease)
Wagering/Handle			
Assiniboia Downs	$33,790	$44,460	($10,670)
Rossburn	12,062	-	$12,062
Racing Days			
Assiniboia Downs	2	1	1
Rossburn	2	-	2
Horsemens' Purses	$19,761	$ 9,850	$ 9,911
Per Race Purse Average	$ 1,162	$ 4,925	($ 3,763)
Provincial Support Programs			
Purse supplements	$ 3,700	$ 4,500	($ 800)
Breeders Incentives	1,500	1,000	500
Sires Stakes	2,000	-	2,000
Administrative Support	2,500	-	2,500
Capital Grants	6,752	-	6,752
Provincial Pari-Mutuel Tax	-	-	-
Rebate and Subsidy	1,206	-	1,206
TOTALS	$17,658	$ 5,500	$12,158

Schedule F

MANITOBA HORSE RACING COMMISSION

Occupational Licenses, Registration Fees and Fines for the year ending December 31, 1982

Licenses	Number Issued: Thoroughbred	Number Issued: Standardbred	Revenue
Owners	885	259	$11,030
Owner Trainer	103	47	2,398
Owner Driver	-	24	120
Owner Groom	-	5	25
Trainers	43	12	533
Assistant Trainers	6	-	66
Jockeys	32	-	512
Apprentice Jockeys	7	-	112
Drivers	-	18	90
Driver Trainer	-	7	35
Jockey's Agent	10	-	110
Veterinarians	7	6	142
Veterinarian Assistants	8	-	24
Officials	11	11	88
Tradesmen	33	14	268
Backstretch	456	86	1,798
Association Employees	482	179	2,347
Sponsored Persons	848	243	3,759
Owner Trainer Driver	-	52	260
TOTALS	2,931	963	$23,717
Registration Fees			
Partnerships	266	-	$ 1,330
Stable Names	185	-	925
Colours	37	-	185
Leases	3	-	15
Authorized Agents	276	22	1,490
Open Claims	21	-	525
TOTALS	788	22	$ 4,470
Fines	$4,855	$3,855	$ 8,710
Total Licenses, Fees Fines			$36,897

Schedule G

PROVINCE OF MANITOBA

Racing Revenues and Direct Costs
for the years ended December 31, 1981 and 1982

Revenue	1982	1981	Increase (Decrease)
Pari-Mutuel Tax			
Thoroughbred	$3,621,508	$4,001,284	($ 379,776)
Standardbred			
Rural	83,038	73,671	9,367
Assiniboia Downs	1,221,446	217,721	1,003,725
Quarterhorse	3,452	3,334	118
TOTALS	$4,929,444	$4,296,010	$ 633,434
Less:			
Collection Commission	48,454	42,223	6,231
Net Revenue	$4,880,990	$4,253,787	$ 627,203
Direct Costs			
Industry Development Programs			
Purse Supports			
Thoroughbred	$1,113,642	$1,467,137	($ 353,495)
Standardbred			
Rural	146,209	121,040	25,169
Assiniboia Downs	742,258	145,147	597,111
Quarterhorse	3,700	4,500	(800)
Breeders' Awards			
Thoroughbred	411,223	400,128	11,095
Standardbred	61,517	50,820	10,697
Quarterhorse	1,500	1,000	500
Sires' Stakes			
Thoroughbred	38,000	-	38,000
Standardbred	20,000	18,000	2,000
Quarterhorse	2,000	-	2,000
Capital Grants			
Standardbred	28,804	30,000	(1,196)
Quarterhorse	6,752	-	6,752
Refund of Province's share of Pari-Mutuel Tax plus subsidies,	111,923	98,228	13,695
Administration			
Thoroughbred	46,699	-	46,699
Quarterhorse	2,500	-	2,500
Emergency Fund	275,000	-	275,000
HBPA Purse Overpayment	100,000	-	100,000
TOTALS	$3,111,727	$2,336,000	$ 775,727
Administration Costs			
Manitoba Horse Racing Commission	$ 326,601	$ 191,786	$ 134,815
TOTAL COSTS	$3,438,328	$2,527,786	$ 910,542
Net Amount Retained by the Province	$1,442,662	$1,726,001	($ 283,339)

PROVINCE OF MANITOBA

THE HORSE RACING COMMISSION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A, B and C, of The Horse Racing Commission for the fiscal year ended December 31, 1982. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the financial statements present fairly the financial position of the Commission as at December 31, 1982 and the results of its operations for the year then ended. The financial statements were prepared in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

The comparative figures as at December 31, 1981 and for the year then ended were reported on by other auditors.

W. K. Ziprick, C.A.,
Provincial Auditor.

March 28, 1983,
Winnipeg, Manitoba.

Exhibit A

THE HORSE RACING COMMISSION

Balance Sheet
as at December 31, 1982
(with 1981 figures for comparison)

	1982	1981
A S S E T S		
Current assets		
Cash on hand and in bank	$ 32,432	$ 1,142
Accounts receivable (Note 3(a) and 4)	277,839	-
	$ 310,271	$ 1,142
L I A B I L I T I E S		
Current liabilities		
Accounts payable (Note 3(a) and 4)	$ 252,021	$ -
Undistributed grants, Exhibit C	20,101	-
Deferred revenue	5,275	-
	277,397	-
Surplus, Exhibit B	32,874	1,142
	$ 310,271	$ 1,142

Exhibit B

THE HORSE RACING COMMISSION

Statement of Revenue and Expenditure and Surplus
for the year ended December 31, 1982
(with 1981 figures for comparison)

	1982	1981
Revenue:		
Grant from the Government of the Province of Manitoba	$ 358,333	$ 190,000
Fees, licenses and fines (Note 5)	94,646	82,444
Interest, net of bank charges	-	16,132
	452,979	288,576
Expenditure:		
Advertising	4,748	-
Building renovations	3,925	50,928
Commissioners' honoraria	26,750	16,423
Employee benefits	6,127	2,884
Equipment and office furniture	6,043	192
Equipment rentals	2,325	2,202
Health and post secondary education tax levy	1,982	-
Identification supplies	5,919	6,590
Professional fees (Note 6)	64,233	1,805
Memberships and dues	3,775	1,594
Office	16,149	8,156
Research grant	5,000	5,000
Salaries:		
Office	67,296	52,840
Racing secretary M.G.W.H.R.A.	5,600	8,500
Security	15,000	7,841
Stewards and judges	101,391	72,632
Veterinarian	49,846	30,150
Sundry	1,718	138
Telephone	2,388	1,820
Travel	29,632	19,468
Veterinary services	1,400	1,200
	421,247	290,363
Revenue over (under) expenditure	31,732	(1,787)
Surplus at beginning of year	1,142	2,929
Surplus at end of year, Exhibit A	$ 32,874	$ 1,142

Exhibit C

THE HORSE RACING COMMISSION

Statement of Government Grant Receipts and Disbursements for the year ended December 31, 1982 (with 1981 figures for comparison)

	1982	1981
Grant received from the Government of the Province of Manitoba	$ 3,019,905	$ 2,237,772
Grants:		
Breeders' incentives:		
Thoroughbred	411,223	400,128
Standardbred	61,517	50,820
Quarter horse	1,500	1,000
Capital grants:		
Standardbred	28,804	30,000
Quarter horse	6,752	-
Purse supplements:		
Thoroughbred	1,113,642	1,467,137
Standardbred	888,467	266,187
Quarter horse	3,763	4,500
Sire stakes program:		
Standardbred	20,000	18,000
Thoroughbred	38,000	-
Quarter horse	2,000	-
Emergency Fund (Note 4):		
H.B.P.A.	175,000	-
C.T.H.S.	100,000	-
Purse overpayment - H.B.P.A. (Note 3(b))	100,000	-
Administrative grants:		
C.T.H.S.	46,699	-
M.Q.H.R.A.	2,000	-
Rossburn Agricultural Society	500	-
	2,999,804	2,237,772
Undistributed grants, Exhibit A	$ 20,101	$ -

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended December 31, 1982

1. **Significant accounting policies**

(a) An accrual basis of accounting is followed except for:

i) Capitalization and depreciation

The costs of building renovations, purchases of equipment and office furniture, are charged directly to operations, depreciation is not provided for in the accounts.

ii) Pension liability and expense

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Commission contributes 50% of the pension disbursement made to retired employees. Such payments are to be charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation fund. On the basis of an actuarial report, the unfunded provision for the Commission's employees amounted to $10,395 as at December 31, 1982.

(b) The operating expenses of the Commission in excess of revenue derived from its regulatory activities are funded through an appropriation of the Government of the Province of Manitoba. Consequently, the Commission will not experience an operating deficit. Administrative grant monies drawn down in excess of actual expenses are retained by the Commission as "surplus" however such surplus funds reduce the administrative grant requirement for the following year.

(c) The Commission acts as a conduit for support grants between the Government of the Province of Manitoba and the horse racing industry. The accounting for these grant funds is reflected separately (Exhibit C) from the general administrative activities of the Commission.

2. **Assiniboia Downs 1981 Ltd. closure**

In July 1982, the above track operator ceased operations of the track. Under arrangements between the receiver-manager of the above company and the Government of the Province of Manitoba, Winnipeg Racing Ltd., a crown corporation, resumed operation of the track for the balance of the thoroughbred season. Under an arrangement between the receiver-manager and a private sector company the standardbred harness season followed the end of the thoroughbred season.

The occurrence of the temporary closure has affected the comparability of 1982 operations and 1981 operations to some extent; however, the significant differences are highlighted in these notes to the financial statements.

3. Purse overpayments

(a) An arrangement exists whereby 1982 purse overpayments incurred by Winnipeg Racing Ltd. will be reimbursed by the Commission. Based on the audited financial statements of Winnipeg Racing Ltd. as at December 31, 1982 the amount of the purse overpayments amounts to $170,604.

A letter of understanding dated August 7, 1982 from the Horsemen's Benevolent and Protective Association (H.B.P.A.) provides that the H.B.P.A. will in turn reimburse the Commission for the 1982 purse overpayment from the H.B.P.A.'s share of 1983 grant monies related to exotic wagering.

The amount of the purse overpayment is reflected on the balance sheet under both "accounts receivable" and "accounts payable".

(b) In addition to the purse overpayment incurred by Winnipeg Racing Ltd., a similar condition existed while Assiniboia Downs 1981 Ltd. was operating the track. A grant of $100,000 was paid over to the H.B.P.A., which represented a portion of its share of grants related to exotic wagering and it in turn provided this amount to Assiniboia Downs 1981 Ltd. in respect to the purse overpayments.

4. Emergency Fund

The track closure referred to in note 2 resulted in a default by Assiniboia Downs 1981 Ltd. on monies owing to horsemen in the amount of $659,572.

An agreement dated July 21, 1982 between the Horsemen's Benevolent and Protective Association (H.B.P.A.), the Canadian Thoroughbred Horse Society (C.T.H.S.) and The Horse Racing Commission provides for the payment of the above amount to individual horsemen. The agreement further provides for the contribution of specified funds towards establishing an emergency fund, from which the outstanding obligations are to be paid.

A summary of the transactions and the year end financial position of the emergency fund is as follows:

Contributions received during the year:	
C.T.H.S. - indemnity bond proceeds	$ 125,000
- portion of grants related to exotic wagering	100,000
H.B.P.A. - indemnity bond proceeds	100,000
- portion of grants related to exotic wagering	175,000
Commission - from purse supplement monies held in trust for horsemen	52,587
	552,587
Contributions receivable from H.B.P.A. and C.T.H.S. (on an equal basis) at year end	106,985
Total default to horsemen	659,572
Payments during the year	582,792
Outstanding default obligation at year end	$ 76,780

4. **Emergency Fund** (continued)

The above H.B.P.A. and C.T.H.S. contributions receivable of $106,985 and the balance of the agreement obligation in the amount of $76,780 are reflected on the balance sheet under "accounts receivable" and "accounts payable" respectively. H.B.P.A.'s and C.T.H.S.'s contributions receivable will be provided through their 1983 grant monies related to exotic wagering.

The agreement further provides that if surplus funds of Winnipeg Racing Ltd. should result from its operations, then that surplus will form a part of the emergency fund. The availability of such monies will reduce H.B.P.A.'s and C.T.H.S.'s outstanding contribution on an equal basis. The audited financial statements of Winnipeg Racing Ltd. as at December 31, 1982 reflects an operating surplus of $13,957.

5. **Fees, licences and fines**

	1982	1981
Thoroughbred		
Fees and licences	$ 55,652	$ 69,964
Fines	4,855	5,190
	60,507	75,154
Quarterhorse fees and licences	549	-
Standardbred		
Fees and licences	29,735	6,000
Fines	3,855	1,290
	33,590	7,290
	$ 94,646	$ 82,444

6. **Professional fees**

Included in professional fees are costs that are of a special non-recurring nature largely associated with the sudden closure of the track as outlined in note 2. The closure related costs incurred are essentially for legal and financial consulting services. In addition, because of special circumstances, the Commission covered certain medical expenses for one of its employees. The non-recurring expenses included in "professional fees" are as follows:

Closure related legal and financial consulting services	$ 56,583
Medical expense paid on behalf of employee	5,400
	$ 61,983